

Saugeen Mobility and Regional Transit
Financial Statements
December 31, 2025

Saugeen Mobility and Regional Transit Contents

For the year ended December 31, 2025

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To the Members of Saugeen Mobility and Regional Transit:

Opinion

We have audited the financial statements of Saugeen Mobility and Regional Transit (the "Organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, change in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hanover, Ontario

April 10, 2026

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Saugen Mobility and Regional Transit Statement of Financial Position

As at December 31, 2025

	2025	2024
Financial assets		
Cash	28,201	44,059
Accounts receivable (Note 2)	109,420	98,483
Grants receivable	36,625	41,300
	174,246	183,842
Liabilities		
Bank indebtedness (Note 4)	105,401	141,590
Accounts payable and accrued liabilities	131,174	140,895
Deferred revenue	50,000	-
	286,575	282,485
Net debt	(112,329)	(98,643)
Non-financial assets		
Tangible capital assets (Note 3)	1,536,726	757,456
Prepaid expenses	112,329	98,642
	1,649,055	856,098
Accumulated surplus (Note 5)	1,536,726	757,455

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Saugeen Mobility and Regional Transit Statement of Operations

For the year ended December 31, 2025

	2025	2025	2024
	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>
Revenue			
Federal Special Funding	-	1,130,505	-
Provincial Dedicated Gas Tax Funds			
Capital grant	-	52,553	378,587
Operating grant	-	622,023	635,145
Municipal contributions (Note 6)	791,525	791,525	731,543
User fees	443,000	484,237	456,216
Donations	10,000	3,455	20,133
Other	6,000	1,849	2,884
	1,250,525	3,086,147	2,224,508
Expenses			
Amortization	-	403,789	239,004
Bad debt expense (recovery)	900	(568)	3,146
Bank charges and interest	500	266	59
Insurance	10,000	9,919	9,489
Membership fees	3,500	2,913	3,274
Office	81,500	96,697	84,259
Professional fees	48,000	44,330	42,822
Rent	16,500	16,477	16,073
Telephone	18,000	22,248	12,407
Vehicle fuel	210,000	165,267	220,098
Vehicle other	239,200	264,990	235,378
Wages and benefits	1,287,937	1,280,548	1,218,917
	1,916,037	2,306,876	2,084,926
Annual surplus (deficit)	(665,512)	779,271	139,582
Accumulated surplus, beginning of year	757,455	757,455	617,873
Accumulated surplus (deficit), end of year	91,943	1,536,726	757,455

The accompanying notes are an integral part of these financial statements

Saugeen Mobility and Regional Transit Statement of Change in Net Debt

For the year ended December 31, 2025

	2025 <i>Budget</i>	2025 <i>Actual</i>	2024 <i>Actual</i>
Annual surplus	(665,512)	779,271	139,582
Acquisition of tangible capital assets	-	(1,183,059)	(378,587)
Amortization of tangible capital assets	-	403,789	239,004
	-	(779,270)	(139,583)
Change in prepaid expenses	-	(13,687)	(10,419)
Change in net debt	(665,512)	(13,686)	(10,420)
Net debt, beginning of year	(98,642)	(98,643)	(88,223)
Net debt, end of year	(764,154)	(112,329)	(98,643)

The accompanying notes are an integral part of these financial statements

Saugen Mobility and Regional Transit Statement of Cash Flows

For the year ended December 31, 2025

	2025	2024
	<i>Actual</i>	<i>Actual</i>
Operating activities		
Annual surplus (deficit)	779,271	139,582
Non-cash items		
Amortization	403,789	239,004
	1,183,060	378,586
Changes in working capital accounts		
Accounts receivable	(11,521)	(22,266)
Prepaid expenses	(18,734)	(10,419)
Grants receivable	10,302	139,241
Accounts payable and accrued liabilities	(9,717)	(11,406)
Deferred revenue	50,000	-
	1,203,390	473,736
Capital activities		
Purchases of tangible capital assets	(1,183,059)	(378,587)
Increase (decrease) in cash during the year	20,331	95,149
Cash deficiency, beginning of year	(97,531)	(192,680)
Cash deficiency, end of year	(77,200)	(97,531)
Cash deficiency are composed of:		
Cash	28,201	44,059
Bank indebtedness	(105,401)	(141,590)
	(77,200)	(97,531)

The accompanying notes are an integral part of these financial statements

Saugeen Mobility and Regional Transit

Notes to the Financial Statements

For the year ended December 31, 2025

1. Significant accounting policies

These financial statements have been prepared in accordance with the basis of accounting described below and include the following significant accounting policies:

Basis of accounting

The financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada.

Nature and Purpose of Organization

Saugeen Mobility and Regional Transit (S.M.A.R.T.) is a government partnership incorporated without share capital under the laws of the Province of Ontario. The organization provides transportation services to the physically disabled.

The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

The organization is dependant on funding received from area municipalities through a service agreement with Town of Hanover, Municipality of Brockton, Municipality of West Grey, Municipality of Arran-Elderslie, Municipality of Kincardine, Municipality of Grey Highlands, Township of Southgate, Town of Saugeen Shores, Township of Chatsworth and Township of Huron Kinloss. The participating municipalities make up the majority of the board of directors.

Management Responsibility

The financial statements of the Saugeen Mobility and Regional Transit are the representations of management.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. The use of estimates is primarily related to the useful lives of tangible capital assets.

Revenue recognition

User fee revenue is recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured.

Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributed Materials and Services

Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased at their fair value at the date of contribution if fair value can be reasonably estimated.

Financial instruments

Cash is measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Saugeen Mobility and Regional Transit

Notes to the Financial Statements

For the year ended December 31, 2025

1. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. Amortization is based on the estimated useful life of the asset and is calculated as follows:

Amortization

	<i>Method</i>	<i>Rate</i>
Automotive equipment	declining balance	30 %
Furniture and fixtures	declining balance	30 %

2. Accounts receivable

	2025	2024
Trade	98,396	90,636
HST rebate	30,951	29,490
Other	1,829	681
	131,176	120,807
Less: Allowance for doubtful accounts	21,756	22,324
	109,420	98,483

3. Tangible capital assets

	Cost	Additions	Disposals	Accumulated amortization	2025 Net book value
Automotive equipment	2,208,018	1,183,059	-	1,863,918	1,527,159
Office furniture and equipment	160,654	-	-	151,087	9,567
	2,368,672	1,183,059	-	2,015,005	1,536,726
					2024
	Cost	Additions	Disposals	Accumulated amortization	Net book value
Automotive equipment	1,829,431	378,587	-	1,464,231	743,787
Office furniture and equipment	160,654	-	-	146,985	13,669
	1,990,085	378,587	-	1,611,216	757,456

Saugeen Mobility and Regional Transit Notes to the Financial Statements

For the year ended December 31, 2025

4. Bank indebtedness

	2025	2024
Credit union operating loan	105,401	141,590

The credit union operating loan is due on demand and bears interest at the credit union's prime rate less 0.50%, calculated and payable monthly. The maximum available to the organization is \$350,000. The loan is secured by a general security agreement covering the assets of the corporation.

5. Accumulated Surplus

The accumulated surplus reported on the statement of financial position is comprised of the following:

	2025	2024
General surplus	-	-
Invested in tangible capital assets	1,536,726	757,456
Accumulated surplus	1,536,726	757,456

6. Municipal Contributions

Municipal contributions reported in the Statement of Operations are received from the municipalities in which the organization provides services from the following sources:

	2025 <i>Budget</i>	2025 <i>Actual</i>	2025 <i>Allocation %</i>	2024 <i>Actual</i>
Town of Hanover	150,525	150,525	19	137,465
Municipality of Brockton	94,883	94,883	12	86,651
Town of Saugeen Shores	143,449	143,449	18	131,003
Municipality of West Grey	114,311	114,311	14	104,394
Municipality of Kincardine	94,120	94,120	12	85,955
Municipality of Arran-Elderslie	78,984	78,984	10	72,132
Township of Southgate	29,735	29,735	4	27,155
Township of Huron Kinloss	44,860	44,860	6	40,968
Township of Chatsworth	15,000	15,000	2	22,388
Municipality of Grey Highlands	25,658	25,658	3	23,432
	791,525	791,525	100	731,543

The Provincial Dedicated Gas Tax Funds are flowed through the Town of Hanover who act as the administrator, and are reported separately on the statement of operations.

7. Contractual Commitments

Saugeen Mobility and Regional Transit has entered into a three year tenancy agreement starting January 1, 2026 with the Municipality of Brockton. The total of the commitment is \$16,338 plus HST per year, totalling approximately \$55,000 for all three years, ending December 2028.

Saugeen Mobility and Regional Transit Notes to the Financial Statements

For the year ended December 31, 2025

8. Financial Instruments

The organization is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the organization's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk through its cash and accounts receivable.

The organization manages its credit risk by ensuring the client is in good financial standing, and follow up is done regularly on accounts.

The organization measures its exposure to credit risk based on analyzing the accounts outstanding, and determining their collectibility.

The organization's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as presented on the statement of financial position.

There have not been any changes from the prior year in the organization's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to liquidity risk through its accounts payable and bank indebtedness.

The organization manages its liquidity risk by monitoring cash activities and expected outflows through budgeting. The organization measures its exposure to liquidity risk based on monthly analytical procedures of comparing budget figures to actual.

There have not been any changes from the prior year in the organization's exposure to liquidity risk or the policies, procedures and methods it uses to manage and measure the risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk through its bank indebtedness.

The organization manages its interest rate risk by trying to stay out of overdraft position throughout the year. The organization measures its exposure to interest rate risk based on analysis of the bank balance and expected cash inflow and outflow.

There have not been any changes from the prior year in the organization's exposure to interest rate risk or the policies, procedures and methods it uses to manage and measure the risk.